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**Congress of the United States**  
**House of Representatives**  
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July 13, 2009

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The Honorable Nancy Pelosi  
Speaker of the House  
H-232 The Capitol

The Honorable Steny Hoyer  
Majority Leader  
H-107 The Capitol

Re: Public, not-for-profit health plan option

Dear Speaker Pelosi and Leader Hoyer:

Earlier today I signed a letter to you with many of my New Democrat Coalition colleagues regarding a host of issues that are under consideration in the health care reform legislation currently being developed by the House. I would like to take this opportunity to expound separately on my own views on the importance of a voluntary, patient-centric, physician-driven, public not-for-profit health plan, with the goal of containing and driving down costs and improving health care quality.

The United States spent \$2.4 trillion on health care last year. In 2007, while inflation was at 2.6%, health premiums for the average family increased by 6.7%. 46.7 million Americans are uninsured. Health reform could cost over \$1 trillion to implement. Yet already, the United States spends more per capita on health care than any country in the world, but based on most health statistics we are already behind, and falling further.

The trends are economically and morally unsustainable, and consequently Congress has every right to demand that the legislation we are developing is truly transformative. To that end, we must bear in mind why a physician-driven, highly transparent, voluntary, not-for-profit health plan is necessary to truly reform our healthcare system.

President Obama cites the Cleveland Clinic and the Mayo Clinic as models of a better, more thoughtful approach to health care. We must adopt the following lessons of these institutions and make sure they are core components of the not-for-profit plan in our bill:

1. *The option should be patient-centric and physician-driven.* The plan should free doctors to be doctors, by encouraging highly integrated medical practices, such as the Cleveland and Mayo Clinics, in which doctors are compensated for the quality of care they provide to a patient, not the quantity of services they administer. Doctors at the Cleveland Clinic are salaried on 1-year contracts, are not tenured and are subject to peer review on an annual basis. Physicians across the country want to work there because the

work environment ensures that the best patient care is the primary outcome of medical decision-making, resulting in a superior quality of care and a more efficient allocation of costs. The inclusion of delivery system reforms like accountable care organizations, physician-centered medical home proposals, and bundling of payments in the Tri-Committee bill moves us closer to these models.

*2. The option must remove the financial incentives that drive overutilization and wasteful, unnecessary medical procedures.* We should compensate physicians and medical staff for the quality of care -- not the volume of care -- they administer. This is how the Cleveland and Mayo clinics work where doctors can focus on the patient in the exam room, not on the billing department. As a result, patients receive high quality care while holding down costs by decreasing overutilization. I appreciate that the Tri-Committee Bill will include many delivery system reforms that encourage these types of innovative payment models in Medicare and I would encourage their implementation within the public option.

*3. The option should be highly transparent.* We should adopt a system of transparent quality measurements established by physicians to determine best practices. It should keep pace with new treatments that become available through ongoing medical research. Such a system of quality measurements has been in place at both the Cleveland Clinic and the Mayo Clinic for over 20 years and could be used as a model for low cost high efficiency within this new plan. The Tri-Committee Bill places a particular focus on quality measures, and I am pleased to see that the bill devotes attention to the establishment of a Center for Comparative Effectiveness Research.

*4. The option must focus on prevention and wellness.* 70% of chronic diseases, and the cost associated with treating them, are caused by three factors: smoking, obesity and lack of exercise. This health care plan, in order to meet the objectives of improving outcomes and reducing costs, must in a substantial way make a commitment to fighting obesity and smoking and promoting exercise and healthy lifestyles. The Tri-Committee Bill focuses on prevention and wellness, devoting crucial resources toward improving health outcomes. I would encourage the integration of prevention and wellness activities into the public option.

If the public, not-for-profit option we devise heeds the lessons and practices of places like the Cleveland Clinic and Mayo Clinic, it will provide competition that will encourage innovation and force private insurers to change their inefficient models in which Americans spend more for lesser care. And if we communicate to the public that our proposal will encourage better care at lower cost, we will win the public support needed to move legislation containing these ideals through the Senate.

With your assistance I was appointed to the Ways and Means Committee, which has been working earnestly on this issue for some time and will take its first formal steps toward advancing the legislation this week. As the legislation moves through our committee and through the House, I will continue to make the case that now is the time to truly transform -- and improve -- how healthcare is delivered to Americans.

Thank you both for your leadership on this most important of issues. I look forward to continuing to work closely with you on this subject so we can create the best solution possible for the American people.

Sincerely,

A handwritten signature in blue ink that reads "Brian Higgins". The signature is fluid and cursive, with the first name "Brian" and last name "Higgins" clearly distinguishable.

Brian Higgins  
Member of Congress

Cc: The Honorable Charles Rangel